

UNITED STATES OF AMERICA
POSTAL REGULATORY COMMISSION
WASHINGTON, DC 20268-0001

Before Commissioners:

Robert G. Taub, Acting Chairman;
Nanci E. Langley, Vice Chairman;
Mark Acton; and
Tony Hammond

Competitive Product Prices
Parcel Return Service Contract 5 (MC2014-4)
Negotiated Service Agreement

Docket No. CP2014-4

ORDER APPROVING EXTENSION OF
PARCEL RETURN SERVICE CONTRACT 5

(Issued October 25, 2016)

I. INTRODUCTION

The Postal Service seeks to extend Parcel Return Service Contract 5.¹ For the reasons discussed below, the Commission approves the Postal Service's Notice.

In Order No. 1867, the Commission approved the Parcel Return Service Contract 5 negotiated service agreement (Existing Agreement).² On October 21, 2016, the Postal Service filed notice that it has agreed to an extension of the Existing Agreement.

¹ Notice of United States Postal Service of Extension of Parcel Return Service Contract 5, with Portions Filed Under Seal, October 21, 2016 (Notice). The agreement to extend the contract is an attachment to the Notice (Extension).

² Docket Nos. MC2014-4 and CP2014-4, Order Adding Parcel Return Service Contract 5 to the Competitive Product List, November 1, 2013 (Order No. 1867). The contract was later amended. See Order No. 2736, Order Approving Amendment to Parcel Return Service Negotiated Service Agreement, September 29, 2015.

The Postal Service seeks to extend the Parcel Return Service Contract 5 agreement for two additional years, through November 1, 2018. Notice at 1. The Postal Service asserts that this extension would not materially affect cost coverage and that, therefore, the supporting financial documentation and financial certification previously filed in this docket remain applicable. *Id.*

II. COMMISSION ANALYSIS

The Commission has reviewed the Notice and the accompanying materials filed under seal.

The Commission reviews competitive product prices to ensure that each product covers its attributable costs, does not cause market dominant products to subsidize competitive products, and contributes to the Postal Service's institutional costs. 39 U.S.C. § 3633(a); 39 C.F.R. §§ 3015.5 and 3015.7. As long as the revenue generated by the product exceeds its attributable costs, the product is unlikely to reduce the contribution of competitive products as a whole or to adversely affect the ability of competitive products as a whole to contribute an appropriate share of institutional costs. In other words, if a product covers its attributable costs, it is likely to comply with 39 U.S.C. § 3633(a).

The Extension does not materially affect the underlying financial analysis of the Existing Agreement. Thus, the Commission finds that the Existing Agreement, as amended, comports with the provisions applicable to rates for competitive products in 39 U.S.C. § 3633(a) and 39 C.F.R. § 3015.7.

In conclusion, the Commission approves the Postal Service's Extension.

III. ORDERING PARAGRAPHS

It is ordered:

1. The Commission approves the Extension of Parcel Return Service Contract 5.
2. The Postal Service shall notify the Commission if the agreement terminates prior to the scheduled expiration date.

By the Commission.

Stacy L. Ruble
Secretary